

**REMARKS OF KEVIN WARING  
CHAIR, LOCAL BOUNDARY COMMISSION**

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My remarks today on the topic of borough incorporation fall into two parts. The first part is a news story. The second is an opinion column. After that, and on behalf of the Commission, I'd like to invite your comments and questions on the topic, your letters to the editor so to speak.

First, the news. The last legislature considered two bills that dealt with borough incorporation. One – Senate Bill 48 – died. The other – Senate Bill 359 – passed. Senate Bill 359 directs the Local Boundary Commission to review conditions in the unorganized borough, and report back to the legislature next February any areas in the unorganized borough that the Commission finds to meet the standards for borough incorporation. Let me recap the two bills, and the Commission's position on them, and how the Commission is carrying out the review directed by Senate Bill 359.

Senate Bill 48 was introduced by Senator Gary Wilken and several co-sponsors. It proposed a new process by which the Commission could recommend incorporation of new boroughs – up to two annually – but only in regions that satisfied all applicable standards and only after extensive local public hearings. The Commission's recommendations would be subject to legislative veto, much as its annexation recommendations now are. Under Senate Bill 48, regions that did not, in the Commission's judgment, satisfy all standards would remain part of the unorganized borough.

The Commission supported the concept of Senate Bill 48. We thought it was sound public policy to do away with the double standard whereby some unorganized regions with resources superior to some existing boroughs do not yet support borough self-government. We also thought Senate Bill 48's case-by-case approach was sounder than a blanket mandatory incorporation of boroughs in the unorganized area. Senate Bill 48 did not require regions without the necessary resources to form boroughs if they had little chance of success. As it happened, Senate Bill 48 passed the Senate in the First Session, but died in the House Community and Regional Affairs Committee in the Second Session.

In regard to the Commission's position on Senate Bill 48, I want to stress that the Commission in the past has not automatically approved borough incorporation petitions or petitions to annex unincorporated areas to existing boroughs. Within the past dozen years, the Commission rejected petitions to incorporate a Tri-Valley Borough that would have encompassed what became the Denali Borough plus the greater Nenana area, a North Pole Borough, a Deltana Borough, and a Skagway Borough. The Commission also rejected a petition to annex extensive unincorporated territory to the Ketchikan Gateway Borough. In each case, the Commission found that the petition on its merits did not meet borough incorporation or annexation standards. I mention these examples to dispel any presumption that the Commission supports borough incorporation for the sake of borough incorporation, or supports boroughs in name only, regardless of whether they satisfy the standards set out in the constitution, in statutes, and in regulations.

The second bill, Senate Bill 359, directs the Commission to review conditions in the unorganized borough and identify areas that meet the standards for borough incorporation. The Commission must report its findings to the next legislature by February 19, 2003. Senate Bill 359 does not create a new process to

incorporate boroughs. It just requires a report. It saves for another day and another legislature any follow-up to the Commission's report. The Senate approved Senate Bill 359 by a 35-0 vote and the House by a 19-0 vote, and Governor Knowles signed it into law.

The Commission is now overseeing preparation of this report by its staff. Obviously, time and resources to prepare the report are limited, but the Commission intends to complete this task to the best of its ability. We have adopted a work plan. In addition to the specific legislative directive, the Commission's work plan addresses several key issues related to borough incorporation. Staff work on the report is now underway. We have set up a public website where the work plan and, as work progresses, the draft report and its findings can be accessed and commented upon. The Commission will hold one or more public hearings on the draft report, before we adopt and forward the final report to the Legislature next February.

That's the news. Now for the opinions.

- First, I believe that Senate Bill 359 is the strongest sign in many years of legislative interest in additional incorporations in the unorganized borough, perhaps since passage of the 1963 Mandatory Borough Act.
- Second, I expect the coming legislature will be poised to take some initiative to that end.
- Third, as matters stand, there are significant disincentives and a lack of positive incentives in law. This situation works to discourage formation of successful new boroughs. Many of these incentives are fiscal in nature. The Commission has repeatedly made this point in its annual reports to

the legislature, with little result to date. We will make the point again as part of our report.

- Finally, the relationships between established local and regional governance institutions and any new borough governments will pose special challenges. Borough incorporation in Alaska has never taken place in a void of local and regional governmental institutions. In fact, resolving the institutional relationships between new boroughs and long-established independent school districts, cities, service areas, and utility districts was a central issue for implementation of the 1963 Mandatory Borough Act and for most later borough incorporations. Today the landscape of established cities and city school districts, REAAs, quasi-public regional service organization, tribal governments, CRSAs, ARDORs, etc. in the unorganized area is denser than ever. These entities often have deep local and regional roots, proud histories, substantial programs, and committed leadership. Some of these entities would be integrated into borough government. Others would continue to co-exist as separate public service organizations. In any case, the Commission is concerned that, as a matter of good sense and responsible public policy, any initiative to establish new boroughs takes care that the governance capabilities of these existing entities not be disrupted or lost in the process.

To conclude, the Commission encourages everyone who has a stake in the outcome of this report, and concern for the use the legislature may make of it, to tell us your concerns and ideas, today and over the next couple of months, if you want to see them reflected in the Commission's report. Now, I'd like to invite your comments and questions.